

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE WESTERN DISTRICT OF OKLAHOMA**

IN RE:)
)
Keystone Gas Corporation,) **Case No. 22-12088**
) **Chapter 11**
Debtor.)

**LIMITED OBJECTION TO DEBTOR'S MOTION FOR ORDER APPROVING
INTERIM OPERATIONS AGREEMENT BETWEEN THE DEBTOR, NAVITAS
UTILITY CORPORATION AND SOUTHERN KENTUCKY ENERGY, LLC
(Docket No. 36)**

Marle Production Co., LLC, an Oklahoma limited liability company (“Marle”), Yarhola Production Corporation, an Oklahoma corporation (“Yarhola”), Little River Energy Company, an Oklahoma company (“Little River”), J.J.&K. Oil Co., LLC, an Oklahoma limited liability company (“JJ&K”), Oakland Petroleum Operating Co., Inc., an Oklahoma corporation (“Oakland”), and Guardian Energy Consultants, Inc., an Oklahoma corporation (“Guardian”) (collectively, “Objecting Parties”), individually and collectively, by and through their counsel, Gary M. McDonald, interpose this Limited Objection to the Debtor’s Motion for Order Approving Interim Operations Agreement Between the Debtor, Navitas Utility Corporation and Southern Kentucky Energy, LLC [Dkt. No. 36] (“Motion”). In support of this Limited Objection, the Objecting Parties would advise the Court as follows:

1. The Designated Representative in this case is Richard Allen Sellers, III, who discharges the duties of the Debtor-in-Possession. Keystone Gas Corporation (“Keystone” or “Debtor”) has indicated in its Motion that based upon “ongoing health challenges” of Mr. Sellers, that Keystone desires to obtain the assistance of Thomas Hartline of Navitas Utility Corporation, a Nevada corporation (“Navitas”) and Jason Sharp of Southern Kentucky Energy, LLC, a Kentucky limited liability company (“Southern Kentucky”) as Co-Chief Restructuring Officers to assist the Debtor with operations. The proposed Interim Operations Agreement indicates that on

September 14, 2022, a Resolution of Keystone was adopted amending Keystone's bylaws, appointing Mr. Hartline and Mr. Sharp as Co-Chief Operating Officers of Keystone in connection with the Bankruptcy Case with "powers, duties and responsibilities as set forth in the Resolution," and that Keystone later adopted a Supplemental Resolution effective September 28, 2022, in which the respective duties of the President and the co-CROs were "further detailed and a voting procedure for approval of new contracts by Owner was established." Neither the Resolution nor the Supplemental Resolution are attached to the Motion for review. In addition, from the Motion it appears that Navitas and Southern Kentucky entered into a Pre-Petition Plan Support Agreement and a Restructure Term Sheet. The Plan Support Agreement is listed as Exhibit "C" to the proposed Interim Operations Agreement but not attached to the pleadings filed, and the Restructure Term Sheet is not provided.

2. Objecting Parties are producers of gas which has been delivered to and sold to Keystone through the Keystone Pipeline System. Representatives of the Objecting Parties have had the opportunity to meet with both Mr. Hartline and Mr. Sharp. It is clear that these two gentlemen and the organizations they represent may play a critical role in the acquisition of the Keystone Pipeline System in this case. Navitas, as shown in the Statement of Financial Affairs [Dkt. No. 57, Response No. 11], has already paid the Debtor's counsel's pre-petition fees in the amount of \$80,497.60, and Southern Kentucky is a proposed lender of \$100,000 to the Debtor under a pending motion [Dkt. No. 35], which would provide a carve out to potentially pay Debtor-in-Possession's post-petition fees.

3. Objecting Parties believe it is critical that the Keystone Pipeline System be restored and rehabilitated to operation to provide a means for the sale of gas in the six-county area served by Keystone. Objecting Parties assert claims against Keystone for gas produced and sold by Keystone, but for which payment was not made.

4. Objecting Parties believe it is important that the Resolution and the Supplemental Resolution be made available for review and consideration, as they apparently establish, among other things, “a voting procedure for approval of new contracts by Owner,” and will provide an understanding of the roles that Mr. Hartline and Mr. Sharp could exercise as Co-Restructuring Officers. From the perspective of the Objecting Parties, understanding the terms governing their proposed roles is important to the case and potential development of a Plan. Preliminary discussions with those two gentlemen have proved positive. The voting control with respect to decisions and the role of the two gentlemen, as set forth in the Resolution and in the Supplemental Resolution, should be made available to the parties-in-interest and the Court. In addition, the Plan Support Agreement and the Restructure Term Sheet should also be available to parties-in-interest.

5. Discovery will be undertaken concerning the pre-petition management and activities of Mr. Sellers related to the Keystone Pipeline System, and such information might provide a basis for a review of Mr. Seller’s continued role as Designated Representative. Objecting Parties believe that, in their own experiences, there is evidence the pipeline system was operated improperly as to them, with respect to the payment for gas for significant periods. Discovery will provide additional information concerning historical data. It appears, from a reading of the Debtor’s Schedules, that with one exception, there are no claims scheduled for “royalty interest owners” and that the amount of claims of the Objecting Parties and all other producers are indicated as “Unknown” or “\$0.” These claims consist of 85 of the 138 listed unsecured creditors. Objecting Parties believe the aggregate amount of these unknown claims will be significant. The validity, scope, extent and magnitude of such claims will be important for formation and inclusion in any Plan. The Schedules [Dkt. No. 56] also do not reflect any Gas Purchase Agreement(s) between Keystone Gas Corporation and the parties selling gas to it, which one would expect would be in existence.

6. This Limited Objection is not made for purposes of delay or to oppose the ultimate potential appointment of either Mr. Hartline or Mr. Sharp, but to afford additional information on these key points addressed herein, to assure the Court and creditors have adequate information, as to the appropriateness of the Motion, the Interim Operations Agreement and proposed control of this case. A hearing on this Motion is appropriate and requested.

WHEREFORE, Objecting Parties respectfully submit this Limited Objection to the Motion and request that the same be set for hearing.

Respectfully submitted,

/s/ Gary M. McDonald
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Production Corporation, Little River Energy
Company, J.J.&K. Oil Co., LLC, Oakland Petroleum
Co., Inc. and Guardian Energy Consultants, Inc.*

CERTIFICATE OF SERVICE

The undersigned hereby certifies that on October 14, 2022, a true and correct copy of the foregoing pleading was served electronically on participants in the CM/ECF system according to local procedures, and was mailed with proper postage fully paid to the creditors and parties-in-interest listed on Exhibit "A" attached hereto.

/s/ Gary M. McDonald

Label Matrix for local noticing

1087-5

Case 22-12088

Western District of Oklahoma

Oklahoma City

Fri Oct 14 13:49:30 CDT 2022

Ally Bank, c/o AIS Portfolio Services, LLC

4515 N Santa Fe Ave. Dept. APS

Oklahoma City, OK 73118-7901

Guardian Energy Consultants, Inc.

321 S. Frankfort Ave.

Tulsa, OK 74120-2428

J.J.&K. Oil Co., LLC

114 NW 8th St.

Oklahoma City, OK 73102-5805

Keystone Gas Corporation

PO Box 1156

Drumright, OK 74030-1156

Little River Energy Company

1260 E. Broadway St.

Drumright, OK 74030-5903

Marle Production Co., LLC

5310 E. 31st St.

Suite 900

Tulsa, OK 74135-5018

Oakland Petroleum Operating Co., Inc.

7318 S. Yale Ave.

Suite B

Tulsa, OK 74136-7000

Oklahoma Tax Commission

Oklahoma Tax Commission

PO BOX 269056

Oklahoma City, OK 73126-9056

RCB Bank

c/o Scott P. Kirtley, Esquire

Riggs, Abney

502 West 6th Street

Tulsa, OK 74119-1016

Wells Fargo Vendor Financial Services, LLC f

PO Box 13708

Macon, GA 31208-3708

Yarhola Production Corporation

1209 E. Bdwy

Drumright, OK 74030

USBC Western District of Oklahoma

215 Dean A. McGee

Oklahoma City, OK 73102-3426

ADT Security Services

3190 S. Vaughn Way

Aurora CO 80014-3541

AT&T

208 S. Akard Street

Dallas TX 75202-4206

Airgas USA, LLC

P.O. Box 734671

Dallas TX 75373-4671

Ally Bank

P.O. Box 380902

Minneapolis MN 55438-0902

Alvin Rusco

45210 West Hwy 51

Jennings OK 74038-2516

Arco Environmental Remediation, LLC

1701 Summit, Suite 2

Plano TX 75074-8175

Baker Hughes Oilfield Inc.

1333 Corporate Drive #300

Irving TX 75038-2535

BankDirect Capital Finance

150 North Field Drive

Suite 190

Lake Forest IL 60045-2594

Battery Outfitters

P.O. Box 215

Golden MO 65658-0215

Brandon & Regina Brunker

7222 S. Fairgrounds Road

Stillwater OK 74074-6172

(p)CATERPILLAR FINANCIAL SERVICES CORPORATION

2120 WEST END AVENUE

NASHVILLE TN 37203-5341

Charles Lindsey Riddle

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Bristow OK 74010-9527

Circle 9 Resources LLC

210 Park Avenue

Suite 1350

Oklahoma City OK 73102-5631

City of Yale

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Yale OK 74085-2509

Clyde Matheson Jr. & Nancy C. Trust

2208 S. Council Creek Road

Stillwater OK 74074-7096

Community Care

P.O. Box 3249

Tulsa OK 74101-3249

Creek County Treasurer

317 E. Lee, Room 201

Sapulpa OK 74066-4325

Dan A. and Geraldine L. Simonton
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 Drumright OK 74030-5515

Davco Fab
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 921 North Main
 Jennings OK 74038-0361

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 Wayne PA 19087-1453

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 P O BOX 81577
 AUSTIN TX 78708-1577

Department of the Army
 U.S. Army Corp. of Engineers
 5722 Integrity Drive
 Millington TN 38054-5028

Dexxon Yarhola
 732 Indiana Avenue
 Kiefer OK 74041-4541

Earl-Le Dozier, LLC
 P.O. Box 351
 512 W. Highway 33
 Drumright OK 74030-0351

Fowler of Tulsa C LLC
 c/o Michael S. Fowler
 2721 NW 36th Avenue
 Norman OK 73072-2411

Frank & Tonya Magness
 7200 E. Deep Rock Road
 Cushing OK 74023-2994

Gungoll, Jackson, Box, Devoll, PC
 P.O. Box 1549
 Enid OK 73702-1549

Harris Oil Co., Inc.
 Drawer 112
 Cushing OK 74023-0112

Indian Electric Coop
 2506 E. Highway 64
 Cleveland OK 74020-4054

Industrial Oils Unlimited
 P.O. Box 3066
 Tulsa OK 74101-3066

Internal Revenue Service
 Centralized Insolvency Operation
 P.O. Box 7346
 Philadelphia PA 19101-7346

Jacam Catalyst, LLC
 205 S Broadway
 Sterling, KS 67579-2339

Jacam Chemicals 2013 LLC
 205 S. Broadway
 P.O. Box 96
 Sterling KS 67579-0096

James J. Hodgens, PC
 P.O. Box 686
 301 West Main Street
 Stroud OK 74079-3611

Jaye Wilson
 3166 Old Hwy 52 South
 Pilot Mountain NC 27041-7114

Jeremy W. Tillery
 320 West Web Street
 Glencoe OK 74032-1466

Joe Waters
 P.O. Box 70
 Luther OK 73054-0070

(c)LARRY & SHEILA MARTIN
 346751 E 4200 RD
 PANNEE OK 74058-3418

Levinson Smith & Huffman P.C.
 1743 East 71st Street
 Tulsa OK 74136-5108

Lincoln County Land Office
 811 Manvel Avenue, Suite 5
 Chandler OK 74834-3800

Lincoln County Treasurer
 811 Manvel Avenue #6
 Chandler OK 74834-3800

Logan County RWD #3
 P.O. Box 187
 Marshall OK 73056-0187

Logan County Treasurer
 Logan County Courthouse
 301 E. Harrison Avenue #100
 Guthrie OK 73044-4939

Mark Lauderdale Enterprise
 3215 E. Deep Rock Road
 Cushing OK 74023-6425

Max Haken Glenco
 9815 N. Bethel Road
 Glencoe OK 74032-1500

Measurement Solutions, Inc.
 6705 E. 81st Street
 Suite 156
 Tulsa OK 74133-4129

Memorial Machine
 6303 S. 40th West Avenue
 Tulsa OK 74132-1200

OGE Energy Corp.
P.O. Box 321
Oklahoma City OK 73101-0321

Office of Natural Resources Revenue
6525 N. Meridian Avenue
Suite 270
Oklahoma City OK 73116-1420

Okie 811
6908 N. Robinson Avenue
Oklahoma City OK 73116-9041

Oklahoma One Call System Inc.
6908 N. Robinson Avenue
Oklahoma City OK 73116-9041

(p)OKLAHOMA TAX COMMISSION
GENERAL COUNSEL S OFFICE
100 N BROADWAY AVE SUITE 1500
OKLAHOMA CITY OK 73102-8601

Oklahoma Tax Commission
Attn: Legal
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Oklahoma City, OK 73126-9056

Pawnee County Assessor
500 Harrison Street #201
Pawnee OK 74058-2568

Payne County Rural Water District #2
P.O. Box 103
Terlton OK 74081-0103

Payne County Treasurer
315 W. 6th Avenue
Stillwater OK 74074-4079

Pitney Bowes
2225 American Drive
Neenah WI 54956-1005

Pitney Bowes
c/o McCarthy, Burgess & Wolff
26000 Cannon Road
Cleveland OH 44146-1807

Pitney Bowes Inc
27 Waterview Dr, 3rd Fl
Shelton, CT 06484-4361

(p)RCB BANK ATTN SPECIAL ASSETS
300 W PATTI PAGE BLVD
CLAREMORE OK 74017-8039

RSI, Inc.
P.O. Box 1829
Seminole OK 74818-1829

Suddenlink
200 Jericho Quadrangle
Jericho NY 11753-2701

Superior Pipeline
P.O. Box 702500
Tulsa OK 74170-2500

Superior Pipeline Company, LLC
Attention: John Rosentreter
8200 South Unit Drive
Tulsa, OK 74132-5300

United States Trustee
United States Trustee
215 Dean A. McGee Ave., 4th Floor
Oklahoma City, OK 73102-3479

(c)WALT PETTIT
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BROKEN ARROW OK 74011-7297

Waukeshan-Pierce Industries, LLC
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Plano, TX 75024-6812

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Plano, TX 75024-6812

The preferred mailing address (p) above has been substituted for the following entity/entities as so specified by said entity/entities in a Notice of Address filed pursuant to 11 U.S.C. 342(f) and Fed.R.Bank.P. 2002 (g)(4).

Caterpillar Financial Services Corp.
2120 West End Avenue
Nashville TN 37203

Dell Financial Services
P.O. Box 80409
Austin TX 78708

(d)Dell Financial Services, LLC
Resurgent Capital Services
PO Box 10390
Greenville, SC 29603-0390

Oklahoma Tax Commission
 2501 N. Lincoln Blvd.
 Oklahoma City OK 73194

RCB Bank
 P.O. Box 189
 Claremore OK 74018

Addresses marked (c) above for the following entity/entities were corrected
 as required by the USPS Locatable Address Conversion System (LACS).

Larry & Sheila Martin
 46751 E. 42nd Road
 Pawnee OK 74058

Walt Pettit
 705 Yuma Drive
 Broken Arrow OK 74011

The following recipients may be/have been bypassed for notice due to an undeliverable (u) or duplicate (d) address.

(u) Southern Kentucky Energy, LLC

(d) Ally Bank c/o AIS Portfolio Services, LLC
 4515 N. Santa Fe Ave. Dept. APS
 Oklahoma City, OK 73118-7901

(d) J.J. & K. Oil Company LLC
 114 NW 8th Street
 Oklahoma City OK 73102-5805

(d) Little River Energy Co.
 1260 E. Broadway Street
 Drumright OK 74030-5903

(d) Marle Production Co. LLC
 5310 E. 31st Street
 Suite 900
 Tulsa OK 74135-5018

(d) Oakland Petroleum Operating
 7318 S. Yale Avenue
 Suite B
 Tulsa OK 74136-7000

(d) Yarhola Production Company
 1209 E. Bdwy
 Drumright OK 74030

End of Label Matrix	
Mailable recipients	82
Bypassed recipients	7
Total	89